7

RESOURCEALLOCATION PROCESS (RAP)

Resources for Department of Defense (DoD) activities, whether weapon (or information) systems or personnel costs, are provided through the RAP. Resources include dollars (funds), material, people, facilities, and equipment. The four phases of the RAP are:

- Phase 1 Planning, Programming, and Budgeting System (PPBS),
- Phase 2 Enactment,
- Phase 3 Apportionment, and
- Phase 4 Execution.

From the standpoint of developing, producing, fielding, and supporting weapon systems, the PPBS is the focus of attention in the service and defense agency headquarters activities, while Program Managers (PMs) and their Program Executive Officers (PEOs) are equally concerned with execution. Following is a brief discussion of these four phases, which are depicted in Figure 7-1.

PHASE I - PPBS

The PPBS is the official management system which ultimately produces DoD's portion of the President's Budget. It is unique to the DoD and was originally introduced by Secretary of Defense Robert McNamara in 1962. The PPBS is a cyclic process with three distinct but interrelated phases, planning, programming, and budgeting. These phases provide a formal, systematic structure for making decisions on policy, strategy, and the

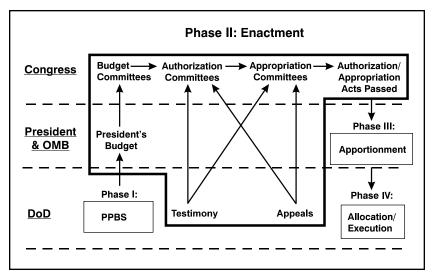


Figure 7-1. Resource Allocation Process (RAP)

development of forces and capabilities to accomplish anticipated missions. The PPBS provides for a time-phased allocation of resources and submission of supporting documentation. The PPBS objective is to provide operational commanders with the best mix of forces and support in view of real fiscal constraints.

The Deputy Secretary of Defense (DEPSECDEF) manages the PPBS with the advice and assistance of the Defense Resources Board (DRB), which he chairs. The DRB includes the Under Secretaries of Defense (Acquisition and Technology) (USD(A&T)), for Policy (USD(P)), and the Comptroller (USD(C)), and the Director, Program Analysis and Evaluation (DPA&E). The PPBS is the calendar-driven process through which DoD prepares its annual budget. Beginning in 1986 with submission of the first two-year defense budget (for fiscal years 1988-89), PPBS became a nominal biennial process. PPBS also results in periodic updates to the Future Years Defense Program (FYDP). The FYDP reflects requirements for the out-years (years beyond the next budget year) based

on DoD planning to meet national defense objectives. It represents those programs approved by the Secretary of Defense (SECDEF) (via the DEPSECDEF and the DRB). A brief description of each of the segments of the PPBS follows.

Planning. This phase is the responsibility of the USD(P). The planning phase starts in the fall and ends in the spring with publication of the *Defense Planning Guidance (DPG)*.

Programming. This phase is managed by the DPA&E. It is the bridge between planning (with broad fiscal guidance) and budgeting (which meticulously prices each program element). It begins with the issuing of the draft DPG early in the year and ends with the submission of the service and defense agency Program Objectives Memoranda (POMs) in mid-summer. Military departments, defense agencies, and the Commander-in-Chief (CINC) of U.S. Special Operations Command (USSOCOM)) prepare POMs based on guidance contained in the DPG. The POM is the service (or defense agency) request for resources to accomplish its mission(s).

Budgeting. The USD(C) is responsible for this phase. Based on Office of the Secretary of Defense (OSD) review/comment on the POMs, budget estimate submissions (BESs) are prepared and forwarded (in September) to OSD by the military departments and defense agencies. Service and defense agency budgets are reviewed and the final DoD budget then goes to the Office of Management and Budget (OMB) to be incorporated into the President's Budget submission to Congress in February, thus ending the budgeting phase.

The following table summarizes the responsible agency and key product of each PPBS segment.

Table 7-1. Key Aspects of the PPBS

SEGMENT	OSD ACTION AGENCY	PRODUCT
Planning	USD(P)	DPG
Programming	DPA&E	Approved POM
Budgeting	USD(C)	DoD portion of the President's Budget

PHASE II - ENACTMENT

Enactment is the process through which the Congress reviews the President's Budget, conducts hearings, and passes legislation. Enactment begins when the President submits the annual budget to the Congress at the beginning of each calendar year (by law on the first Monday in February) and ends when the President signs the annual authorization and appropriation bills approximately nine months later. "Authorization" approves programs and specifies maximum funding levels and quantities of systems to be procured. The "appropriations process" provides the budget authority with which to incur obligations (i.e., obligate) and expend and outlay funds. Even though DoD has complied with biennial budgeting since January 1987, Congress authorizes most programs and funding on an annual basis and appropriates funds on an annual basis. There are a few exceptions. The most notable are programs for which multiyear (rather than annual) procurements have been authorized. However, even multiyear procurements must be funded by annual appropriations.

PHASE III - APPORTIONMENT

Once the authorization and appropriations legislation is signed into law by the President, funds are made available for DoD and other federal agencies. "Apportionment" occurs when OMB provides these funds to DoD and other federal agencies. Subsequently, DoD allocates funds within the department through action by the USD(C) and each counterpart in the services and defense agencies.

PHASE IV - EXECUTION

The execution phase occurs when appropriated funds are spent on defense programs. In other words, it is the process of "obligating" funds (awarding contracts) and "expending" funds (writing checks to pay bills). Outlays occur when government checks are cashed and money flows out of the U.S. Treasury.

The four phases of the RAP overlap (see Figure 7-2).

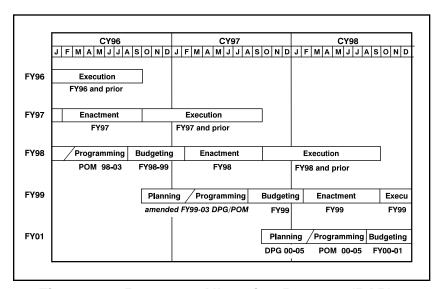


Figure 7-2. Resource Allocation Process (RAP) - Overlap

The current fiscal year budget is being executed while enactment of next year's is underway, and programming for the following budget is in process. Planning is essentially a continuous process.

It is incumbent on PMs and other officials responsible for any aspect of RAP to be aware of the sequence of activities and to understand where they are at all times. Further, because the Defense Acquisition Board (DAB) and PPBS truly are independent processes, it is possible for a program to be approved to enter the next phase in the life cycle but have insufficient funds to execute that phase. Note that the PPBS is a calendar driven system and that the acquisition life cycle is event driven. Avoiding a mismatch or disconnect between programmatic requirements and available funding demands close attention on the part of PMs. This may be the most challenging part of a PM's job, and the greatest single source of program instability.